

AGP-24. COST ACCOUNTING STANDARDS - EDUCATIONAL INSTITUTION

- (a) Unless the Contract is exempt under 48 CFR 9903.201-1 and 9903.201-2, the provisions of 48 CFR 9903 are incorporated herein by reference and the Contractor, in connection with this Contract, shall:
- (1) (CAS-covered Contracts Only). If a business unit of an educational institution required to submit a Disclosure Statement, disclose in writing the Contractor's cost accounting practices as required by 48 CFR 9903.202-1 through 9903.202-5, including methods of distinguishing direct costs from indirect costs and the basis used for accumulating and allocating indirect costs. The practices disclosed for this Contract shall be the same as the practices currently disclosed and applied on all other contracts and subcontracts being performed by the Contractor and which contain a "Cost Accounting Standards" (CAS) provision. If the Contractor has notified the JPL Negotiator that the Disclosure Statement contains trade secrets, and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of JPL or the Government.
 - (2) Follow consistently the Contractor's cost accounting practices in accumulating and reporting Contract performance cost data concerning this Contract. If any change in cost accounting practices is made for the purposes of any contract or subcontract subject to CAS requirements, the change must be applied prospectively to this Contract and the Disclosure Statement, if required, must be amended accordingly. If an accounting principle change mandated under Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions, requires that a change in the Contractor's cost accounting practices be made after the date of this Contract award, the change must be applied prospectively to this Contract and the Disclosure Statement, if required, must be amended accordingly. If the Contract price or cost allowance of this Contract is affected by such changes, adjustment shall be made in accordance with subparagraph (a)(4) or (a)(5) of this Article, as appropriate.
 - (3) Comply with all CAS, including any modifications and interpretations indicated thereto contained in 48 CFR 9905 in effect on the date of award of this Contract or, if the Contractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Contractor's signed certificate of current cost or pricing data. The Contractor shall also comply with any CAS (or modifications to CAS) which hereafter become applicable to a contract or subcontract of the Contractor. Such compliance shall be required prospectively from the date of applicability to such contract or subcontract.
 - (4) (A) Agree to an equitable adjustment as provided in the "Changes" Article of this Contract if the Contract cost is affected by a change which, pursuant to subparagraph (a)(3) of this Article, the Contractor is required to make to the Contractor's established cost accounting practices.

(B) Negotiate with the Government to determine the terms and conditions under which a change may be made to a cost accounting practice, other than a change made under other provisions of subparagraph (a)(4) of this Article; provided that no agreement may be made under this provision that will increase costs paid by the Institute.

(C) When the parties agree to a change to a cost accounting practice, other than a change under subdivision (a)(4)(A) or (a)(4)(D) of this Article, negotiate an equitable adjustment as provided in the "Changes" Article of this Contract.

(D) Agree to an equitable adjustment as provided in the "Changes" Article of this Contract, if the Contract cost is materially affected by an OMB Circular A-21 accounting principle amendment which, on becoming effective after the date of Contract award, requires the Contractor to make a change to the Contractor's established cost accounting practices.
 - (5) Agree to an adjustment of the Contract price or cost allowance, as appropriate, if the Contractor or a subcontractor fails to comply with an applicable Cost Accounting Standard, or to follow any cost accounting practice consistently and such failure results in any increased costs paid by the Institute. Such adjustment shall provide for recovery of the increased costs to the Institute, together with interest thereon computed at the annual rate established under section 6621 of the Internal Revenue Code of 1986 (26 U.S.C. 6621) for such period, from the time the payment by the Institute was made to the time the adjustment is effected. In no case shall the Institute recover costs greater than the increased cost to the Institute, in the aggregate, on

the relevant contracts subject to the price adjustment, unless the Contractor made a change in its cost accounting practices of which it was aware or should have been aware at the time of price negotiations and which it failed to disclose to the Institute.

- (b) If the parties fail to agree whether the Contractor or a subcontractor has complied with an applicable CAS or a CAS rule or regulation in 48 CFR 9903 and as to any cost adjustment demanded by the United States, or by the Institute on behalf of the United States, the Contractor may, subject to the prior approval of the Institute, which approval will not be unreasonably withheld, process such disagreement as a dispute between the Institute and the Contracting Officer concerning a question of fact within the meaning of the "Disputes" clause of the Prime Contract.
- (c) The Contractor shall permit any authorized representatives of JPL or the Government to examine and make copies of any documents, papers, or records relating to compliance with the requirements of this Article.
- (d) The Contractor shall include in all negotiated subcontracts which the Contractor enters into, the substance of this Article, except paragraph (b), and shall require such inclusion in all other subcontracts, of any tier, including the obligation to comply with all applicable CAS in effect on the subcontractor's award date or, if the subcontractor has submitted cost or pricing data, on the date of final agreement on price as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data, except that:
 - (1) If the subcontract is awarded to a business unit which pursuant to 48 CFR 9903.201-2 is subject to other types of CAS coverage, the substance of the applicable clause set forth in 48 CFR 9903.201-4 shall be inserted; and
 - (2) This requirement shall apply only to negotiated subcontracts in excess of \$500,000 where the price negotiated is not based on:
 - (A) Established catalog or market prices of commercial items sold in substantial quantities to the general public; or
 - (B) Prices set by law or regulation, and except that the requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.